Military Market

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JOSEPH MCNALLY
4520 E-W HWY
BETHESDA MD 20814

AAFES P.O.S.

Out of This World

Military Market serving the military retail system

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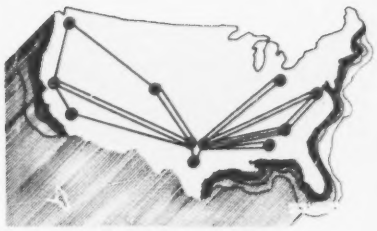
COVER BY GARNETT SULLIVAN



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CIRCULATION
Paul A. Binkowski
ADVERTISING PRODUCTION
Phyllis King

EXECUTIVE OFFICES
Springfield, VA 22159-0210
Phone (703) 750-8676
ADVERTISING SALES OFFICES
1 Citicorp Center
153 E. 53rd St.
New York, NY 10022
Phone (212) 753-1040

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Military Market survey

PX/BX Scanning: A Success

AAFES managers are enthusiastic about productivity gains

SCANNING AT AAFES is fast becoming a permanent part of the scene. Managers of those stores that have it — 20 as of June 1 — say they are beginning to enjoy the fruits of the changeover from traditional electromechanical checkouts.

The secret to scanning's success has been planning, training and "total involvement" on the part of managers, according to several of them who were contacted for this month's survey. Seven of the 17 main-store and exchange managers contacted for this month's survey tell MILITARY MARKET there was initial reluctance or hesitation by some employees, but that this apprehension has been overcome with early exposure to the equipment and proper training in the techniques of using it.

Thirteen of the 17 people contacted say their job is easier with scanning because of additional data they now receive, and the timeliness with which they receive it. "I now know the sales per hour, transactions per hour and the dollars per hour. That information helps me schedule people better," says one. "I can readily tell how sales this year compare with last year," says another. Two respondents add that being able to track magazine sales, for instance, has helped them make a decision to drop a number of unprofitable titles because of low demand.

Not all of the reactions are unqualified raves, however. Four managers report they have had some difficulties with the scanning equipment or with the backroom computers. However, they add that problems with the front-end equipment have been timely handled by NCR repair personnel, and the backup computer system generally proves equal to the task of handling customer flow before NCR personnel arrive. Only one manager reported that a store was unable to remain open while repair people located and resolved a problem.

The number of scannable items is 50 percent or more of the store total at most of the stores surveyed, though one manager reports that his store has only about 35 percent scannable items.

To enable stores to maximize the benefits of scanning, each store has two Dennison machines capable of making Universal Product Code stickers. Fifteen of the stores surveyed are making their own stickers for much of the merchandise that is received without UPC markings.

Price removal is widespread: 16 stores report they are no longer putting price stickers of any kind on merchandise that is received with UPC bar codes already on them.

What about customers? Scanning has been extremely well-received by patrons, say 16 of the managers interviewed, although one of them reports there are some customers who do not like the new technology. Just one manager says his customers are only mildly in favor of scanning.

Early and continuous announcements to customers have made them much more receptive to scanning, managers believe. To announce the advent of scanning, 13 stores used signing, 11 used flyers or bag-stuffers, and 11 used the store public address system. In addition, seven stores were the subject of articles in base newspapers, while four managers addressed wives clubs on base and one inserted an article on scanning in a newsletter.

The big question, of course, is productivity. Since the first scanning operation in AAFES began, there have been few changes in the numbers of personnel required to handle the work flow in the stores, but there have been personnel reassignments. Eleven of the stores surveyed say they have neither added nor subtracted personnel because of scanning. At two stores, a computer operator has been added; three stores have subtracted one or more cashiers, and one added a cashier because a register was added to the store's total.

Despite the usual start-up problems, all of the 17 managers MILITARY MARKET interviewed were enthusiastic about scanning. When asked where they see the most improvement in productivity, the answer was almost unanimous: at the front end. Fourteen say their customers are getting through the checkout faster (by as much as 35 percent), and 11 say their stockers are able to spend more time actually putting stock on shelves.

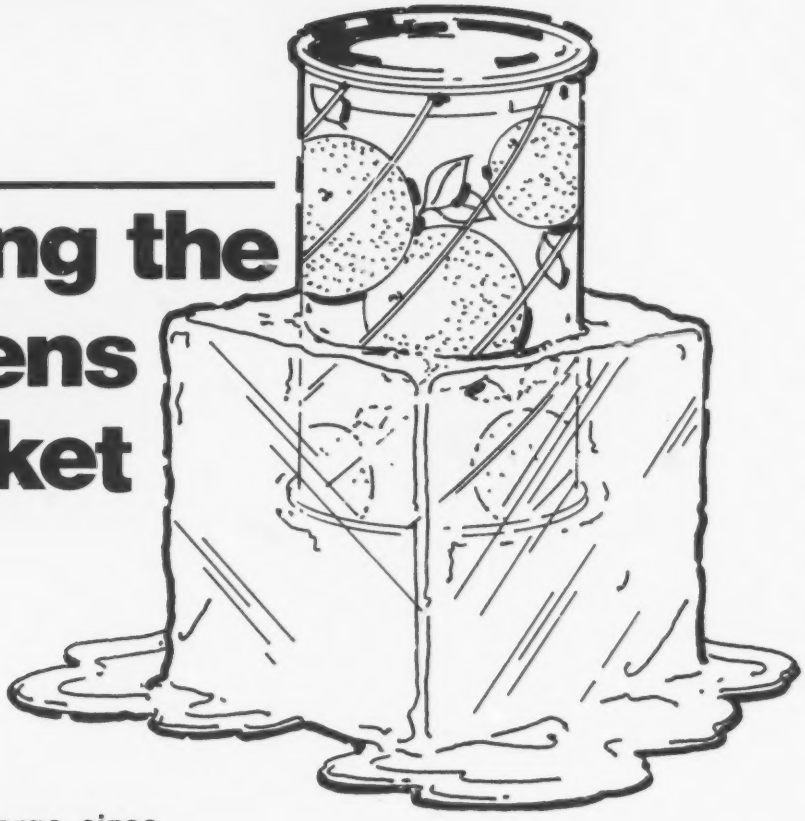
MM

1 — HAS SCANNING CHANGED THE WAY IN WHICH YOU APPROACH YOUR JOB? IN WHAT WAYS HAS IT MADE YOUR JOB EASIER, OR MORE DIFFICULT? Easier — 13. More difficult — 6.* (See story)
2 — WHAT HAS BEEN THE CUSTOMER RESPONSE TO SCANNING IN YOUR EXCHANGE? Extremely favorable — 16. Mildly favorable — 1. Lukewarm — 0. Poor — 1.*
3 — WHAT SORT OF ADVANCE ANNOUNCEMENTS (IF ANY) DID YOU MAKE TO CUSTOMERS CONCERNING SCANNING? Bag stuffers — 11. Public address announcements — 11. Articles in base newspapers — 7. Signs — 13. Address wives clubs — 4. Newsletter — 1.*
4 — HAS YOUR STORE DONE ANY PRICE REMOVAL? Yes — 16. No — 1.
5 — HAVE YOU ENCOUNTERED ANY PROBLEMS WITH THE SCANNING EQUIPMENT? Yes — 4. No — 13.
6 — WHAT KINDS OF PERSONNEL ADJUSTMENTS WERE REQUIRED FOR THE CHANGEOVER FROM CONVENTIONAL CASH REGISTERS TO SCANNING? Cashier subtracted — 3. Stocker subtracted — 0. Computer operator added — 2. Cashier added — 1. No change — 11.
7 — HOW HAS THE IMPLEMENTATION OF SCANNING IN YOUR STORE AFFECTED THE MANAGEMENT DECISIONS THAT YOU AS A STORE MANAGER MUST MAKE? Better scheduling of personnel — 9. Track sales and transactions — 10. Monitor hours of operation — 2. No change — 4.*
8 — APPROXIMATELY WHAT PERCENTAGE OF THE ITEMS THAT YOU NOW CARRY ARE SCANNABLE? 30-40% — 1. 40-50% — 0. 50% or more — 16.
9 — ARE YOU APPLYING ANY OF YOUR OWN UPCs? Yes — 15. No — 2.
10 — DO YOU THINK IT'S RIGHT FOR AAFES TO REFUSE TO STOCK PRODUCTS THAT DON'T CARRY A UPC CODE? Yes — 4. No — 3. Don't know or would rather not say — 10.
11 — DO YOU FORESEE ANY FUTURE MODIFICATIONS OR ADDITIONS TO THE SCANNING OPERATIONS AT YOUR STORE? Yes — 17 (Ordering — 4. Inventory control — 3. Use in other locations, such as the shoppette — 2. More advanced lasers — 4. Additional terminals — 2. Modify checkout stands and update equipment or both — 3. Easier pricing on one-time buys — 2.)*
12 — IN WHAT AREAS HAS SCANNING IMPROVED YOUR PRODUCTIVITY? Cashier — 15. Stocker — 11. Management — 13. Accountability — 1.*
13 — HOW HAVE YOUR STORE EMPLOYEES AND OTHER PERSONNEL REACTED TO SCANNING IN YOUR EXCHANGE? Hesitant at first; now OK — 7. Very well — 9. Mixed — 1. Poorly — 0.

* Does not add to 17 because of multiple responses.

The Heat Is On—

Thawing the Frozens Market



Juice concentrates and large sizes dominate a growing market for frozen juices, vegetables and fruit.

By DAVID B. COOLEY
Associate Editor

FROZEN CONCENTRATED orange juice is far and away the best-selling form of orange juice in commissaries and probably will continue to be so for some time to come, according to reports from the Florida Department of Citrus.

It's also the favorite form of orange juice in the civilian marketplace, but its position there is eroding, and probably will be overtaken by single-strength, chilled orange juice within the next two to three years. This probably won't happen in commissaries, say some experts, since commissary patrons have traditionally bought FCOJ rather than chilled.

With a nationwide trend toward chilled orange juice, why do military families prefer FCOJ? It is more convenient to carry than chilled, and military shoppers tend to buy more items at a time, making space and the weight of grocery bags a very real consideration, says George de Jager, market research director with the Florida Department of Citrus. Even for families that tend to use primarily chilled orange juice, FCOJ performs a backup function: There's always some in the refrigerator. "You are never out," de Jager says.

Military family at-home consumption of orange juice in all forms rose from 7.9 million gallons in 1978 to 12.1 million gallons in 1980, according to reports, and since then it has leveled off at something more than 10 million gallons annually. As the chart shows, military OJ sales peaked in 1982.

MILITARY O.J. SALES
(millions of gallons)

1983	10.3
1982	10.8
1981	10.1
1980	12.1
1979	9.6
1978	7.9

SOURCE: Florida Department of Citrus

The reason consumers are demanding more chilled orange juice, rather than frozen, is not entirely clear, de Jager says, but some industry analysts credit it to the entry of Procter & Gamble's Citrus Hill brand, and the obvious reason: it is more convenient to reach for the ready-to-use container in the refrigerator,

rather than thawing and reconstituting frozen orange juice.

P & G purchased the Ben Hill Griffin Citrus Co. in 1981, and since that time the company has been establishing its position in the market with heavy TV advertising, most of which is promoting the chilled form, he says. The other prime producers of orange juice — Minute Maid brand from Coca-Cola Foods and Tropicana brand from Beatrice Foods — are almost matching Citrus Hill measure for measure in advertising, de Jager says.

Currently, Minute Maid holds about a 20 percent share of the total orange juice market, Tropicana has 12 percent and Citrus Hill holds about 5 percent, he says. The remainder of the orange juice market is fragmented among many other producers, though several regional companies are strong in their respective marketing areas. P & G is striving for a 15 per cent share by the end of 1984, he says.

The total production of canned and frozen reconstituted citrus juices was 952 million gallons in 1983 — up 6 percent; that year's dollar value was $2.9 billion, up 4 percent, according to Florida Department of Citrus figures. Since the freeze hit in late December 1983, it had little affect on the pricing structure for the entire year, he says.

Processed orange juice and grapefruit juice continue to represent 1.2 percent of all food store volume. Traditionally, the volume of orange juice produced and sold is approximately 10 times that of grapefruit, according to de Jager.

Still No. 1

Even though FCOJ is the No. 1 one frozen product in commissaries and in supermarkets in terms of unit and dollar sales, it is almost always shorted in the space allotted to it in supermarket and commissary freezers, de Jager says.

Why don't store managers give it the space it deserves? They don't need to. Individual containers of FCOJ are relatively small, and the store freezer can be well-stocked with fewer facings and still have no stock-outs or lost sales, he says. The No. 2 frozen product category in terms of dollar sales is frozen toppings, and toppings usually have a disproportionately large share of the space in the freezer cabinets because of bulk, he says.

Since 1970 chilled orange juice production has risen 17 percent overall, to 346 million gallons in 1983. FCOJ production has been about flat — around 500 million gallons annually since 1975. The 1983 production was 494 million.

"We've never had a decline in the history of chilled orange juice [since 1967]," says de Jager, "though after the freeze of 1981-82, it was close." Increases from one year to the next have been as much as 24 percent, he says.

The increase in chilled volume is up nationally about 27 percent for the first two reporting periods for 1984 (December-January and February-March), but that figure should decrease as the year progresses, de Jager says. He attributes the projected drop to a lessening of the intensity of advertising by P & G, Coca-Cola Foods, Beatrice and others. Even with this leveling of the growth rate in chilled, it should continue to overtake FCOJ consumption, he says.

After the Florida orange grove freeze in December 1983, chilled prices have risen about 5 percent to 6 percent across the board. FCOJ prices have risen about 10 percent to 11 percent, he says. Commissary prices have already reached 59 cents for the name brands, and civilian prices are higher still.

The Big Potato Fry

"The commissaries are our eighth-largest customer," says Robert Pilz, manager of military sales at Ore-Ida Foods. "They account for 3.5 percent of our total retail in potatoes — really impressive. Sales to the military stores are up a little bit over 1982," he says.

With a sales base in potato products, the company is expanding its line. "Ore-Ida Cob Corn is doing real well," he says. Adding new products is the only way to obtain increases in commissary sales, Pilz says. "They're not adding any new commissaries, but they are revamping a lot of stores — wooing the customers back in. That's different than with Safeway and other chains," he says. "Additional distribution in each store is the only way to really increase business," he says.

Two potato products that Ore-Ida has added within the last year are Golden Patties and Crispy Crowns. "The Golden Patties are doing extremely well," Pilz says. Crispy Crowns "are doing fairly well." Both are extruded potato products designed to be heated quickly and easily in the oven, broiler or pan. To stimulate sales in these new products and in the older ones as well, Ore-Ida has doubled its promotional dollars.

In an effort to stabilize prices and to maintain steady sources of quality potatoes, Ore-Ida has standing contracts that have helped in those two supply aspects. The floods followed by drought that affected much of the country during the spring and summer of 1983 caused price hikes, and Ore-Ida's prices have gone up about 10 percent for the 1983-1984 season. "We weren't hurt as much as some other packers," Pilz says.

Prices on potatoes have gone up "a half dozen times" since last November, says Bud Donald, MSM at Lamb-Weston Inc., with resultant increases on some finished products of 15 percent to 20 percent. Lamb-Weston, a long-time TSA supplier for troop feeding, is just beginning to sell frozen potato products to AFCOMS and TSA stores, mostly in the Midwest. No meaningful comparisons can be made with what its prices were last year.

The key to keeping costs of production down is in not overextending the line until prices come down some, Pilz says. Prices for potatoes on the spot market are very high at this time, he says.

Ore-Ida currently has two items in test market, but Pilz declined to disclose what they are. He tells MILITARY MARKET the company tries to keep its tests as "clean" as possible, meaning the tests include only civilian cus-

tomers. In the corporate opinion, "Military distribution distorts our test market," he says. It is not that military people eat so much differently than civilians, but when the company ships goods to military distributors, it loses track of the final destination, he says.

Vegetables — Plain or Enhanced

"Our market [in frozen vegetables] tracks very close to the civilian market," says Ann Corwell, spokeswoman at Pillsbury Co.'s Green Giant Division. "Pillsbury has a wide range of foods that appeal to many markets — we cater to a whole scope of ages," she says. Foods popular with younger people tend to be convenience foods, she says.

Of course, all frozen vegetables are convenience foods because excess parts of the vegetables are not in the packages. For additional convenience and flavor, many consumers are also looking for vegetables that have sauces and enhancements included, such as the Green Giant line of boil-in-bag vegetables with cheese, cream or other types of sauces, Corwell says.

Introduced in 1982, Green Giant Harvest Fresh is a line of frozen vegetables that does not include sauces or enhancements. "They are frozen in natural juices with just a little water added to aid in the cooking process, but no sauces," Corwell says. This line of products is made to satisfy a national trend toward natural food, she says. "As popular as the Harvest Fresh line has been, it has not taken anything away from other lines. There definitely is a market for both," she says, defending the market position for Green Giant frozens in sauces. "The Harvest Fresh line has met every sales expectation, she says."

In a competitor's line, the excitement is also in the return to natural — frozen vegetables without sauces. "There is a trend toward large sizes [of frozen vegetables] in the military stores," says Ellis Reynolds, MSM at General Foods' Birdseye Division. These are 16-ounce poly bags, which contain vegetables processed IQF (individually quick frozen), and then packed loosely in the bags. Most of these products are packed plain with no spices, sauces or enhancements of any kind. "This is fitting quite well with the trend [for more natural foods]," he says.

But "sauced vegetables have carved out a nice share of the market," Reynolds says. Birdseye produces 21 vegetables and vegetable mixes with sauces in the 10-ounce size. "They're convenient, quick and enhanced with cream, cheese and onion sauces. It's hard to say which sells better — plain or enhanced. They fit nicely with the [contemporary] life style," he says.

Farm Fresh is General Foods' line of frozen vegetables and has been around about two years, Reynolds says. "It includes simple boxes of peas and corn to complex variety bags of mixed vegetables," he says. The larger sizes are the plain product, such as peas and corn, he says.

General Foods' Birdseye brand is the most popular national brand of frozen vegetables, based on dollar sales. The company intends to hold on to that position by constantly trying out new ideas in frozen vegetable mixes and package sizes, Reynolds says. By test marketing and introducing new items to the consumer market from time to time, officials at the company are convinced that the consumer's preferences can change — she *can* be influenced to buy.

Another large supplier to the commissaries worldwide in the frozen vegetable category is United Foods Inc. with its Winter Garden, Stokely and Delaney brands. What are referred to as commodity vegetables — green peas, green beans, cauliflower, broccoli, corn and others — are packed in 10-ounce boxes and 16-ounce poly bags, says Mike Sproule, assistant director of military sales. "The fastest-moving item is cut corn," he says.

United Foods also produces frozen fruits under the Stokely label, almost exclusively in the 16-ounce poly bags. The one exception is sliced, sugared strawberries, which are available in 10-ounce boxes under the Winter Garden label. The 16-ounce poly bags of fruits include strawberries, raspberries, blueberries, rhubarb, mixed fruits and melon balls. "They all move well, but the best-selling fruit is strawberries," Sproule says. "Strawberries are 50 percent of the business," he says.

'Upscale Is Nothing New'

"Not everyone wants plain vegetables all the time," says Marguerite Dannemiller, spokeswoman for Stouffer Foods. Stouffer's creamed and sauced vegetables are doing bet-

ter than ever, she says. "There is a more sophisticated taste among American consumers, but they don't want to spend all day in the kitchen. They want something more interesting — they want to try more unusual dishes," she says.

Stouffer has attempted to satisfy that consumer need with its side dishes. "Upscale is nothing new for us — we've been doing it for years," Dannemiller says. The most popular side dish in the line is frozen spinach soufflé. "We've been making it for 30 years. It's as popular now as when it first came on the scene," she says.

"Consumers want more value for their dollar, and they want more convenience." she says.

Other popular Stouffer frozen vegetable side dishes are broccoli in cheddar sauce and green beans with mushrooms. The Stouffer side dishes — 13 in all — are measured to make two or three average-sized servings. Many times, however, consumers — especially dieters — eat a frozen side dish as an entire meal, Dannemiller says.

Pudding and Gelatin Sweeten Sales

"Frozen novelties [like Jello Pudding Pops] are a reasonably new category for us," General Foods' Reynolds says. "It's doing extremely well from the consumer acceptance point of view and from the trade dollars profit point of view. The line was extensively tested and then introduced two years ago," he says.

From that starting point, the line has undergone changes. It doesn't look the same as it did two years ago, he says. The most popular flavor, chocolate, has been the favorite among consumers from the start, but other flavors haven't fared as well.

Two of the original flavors, vanilla and banana, may be discontinued, he says. Two others, chocolate-vanilla swirl and chocolate-caramel swirl, are already making their way into the commissary freezers. Company officials expect much greater consumer acceptance for them.

The new flavors are available in the 12-pack and the 18-pack and are also to be included in a variety pack. "We found a couple of new items that we think fit the strategy better," Reynolds says.

With the success of pudding pops fresh in the corporate mind, the decision has been made to expand into frozen Gelatin Pops as well. The flavors that will soon be available in the commissaries are strawberry, orange, cherry and raspberry. In addition to single-flavor 12-packs and 18-packs, they will be incorporated in variety packs that will include the four flavors combined.

In summing up General Foods' marketing strategy, Reynolds tells MILITARY MARKET that the company will continue to appeal to its customer's desire for innovative products. "She's always looking for something new," he says.

MM

Winter Garden brings you everything in Grade "A" frozen vegetables from coast to coast. Over 75 products — the broadest line available in the military market today. 8 major plants fill a supply system that assures you of all the product you can sell — year round! See your Dunham & Smith representative for all the products from the Winter Garden land of plenty.

Winter Garden - Stokely - Freezer Queen Brands

United Foods, Inc.

Bells, Tennessee 38006

Reaching the Young, Minority Fashion Shopper:

Are the Resales Doing Enough?

Today's minority soldier and sailor have been encountering their share of difficulties trying to find the fashionable clothing styles in the proper sizes at the exchanges. Many of them are shopping off base at malls or are relying on care packages from home for their fashion apparel. Military Market takes a look at some of the problems and possible solutions to meeting their special needs.

By JAY BLUCHER
Associate Editor

THERE IS AN ADAGE whispered among old-timers in the military that you can always tell when the exchange has received a new shipment of clothing — everyone at the NCO Club will be wearing the same shirt that you are.

"On several occasions, young black soldiers have told me quite candidly that they don't even bother looking in the exchange for the types of clothing styles and fashions they desire," Eula Brown, special assistant for minority business utilization at AAFES, tells MILITARY MARKET. "They just know from past experience that the exchange is not going to stock what they want. They don't even bother to look."

Such an impression, valid or not, raises serious questions about the exchange systems' resolve and committment to serve the fashion needs of the young minority soldier in the military. On many installations, particularly overseas, the exchange may be the only outlet at which a young soldier in a foreign country can purchase fashion apparel.

"In my travels to overseas installations, it's not at all uncommon for young black or Hispanic soldiers to tell me that they will shop on the economy for their clothing, or in the case of soldiers stationed stateside, to go to the shopping malls downtown for clothes," says Brown.

"It is clearly a myth that today's young minority soldiers are not willing to pay higher prices for clothing that they feel better suits their life style after the duty day is over. They are looking for good quality fashion merchandise and will pay a higher price for good quality."

A Matter of Size

Young soldiers sound off that they are not only disappointed that they cannot find fashionable clothing at the exchange, but also say they cannot find clothing in their sizes.

"I was personally frustrated on many occasions when I tried to find clothes at the exchange that were not only fashionable, but also fit me," explained a young black soldier to MILITARY MARKET. "I am also convinced that there are many other guys in the service, a lot of my friends as well, who have encountered the same problems."

A fashion analyst at the Fashion Institute of Technology in New York explains this anomaly. "Black people are built differently than white people, and very often clothing in the states is simply not designed with the black consumer in mind. Waists [of blacks] are higher [than whites], they're generally smaller, hips protrude more and are usually higher on the body for black people. Thighs are usually thicker, while their extremities are often longer, as well."

Is There an Ethnic Fashion?

While there are size differences among ethnic types, the concept of ethnic "fashion," per se, is difficult to define or pinpoint.

"The term 'ethnic fashion' is something I have been working very hard to erase," Brown says. "There is no such thing as an ethnic look anymore, but rather it is a combination of several looks — preppy, conservative and a wide mix of styles and influences."

Kermeth Morgan, of Le Mans, a slacks manufacturer that specifically targets the minority customer, agrees with Brown. "It's hard to really define in one word. We have toyed with several names and none of them

SIZE DIFFERENTIALS BETWEEN BLACKS AND WHITES: WAIST AND CHEST

	Waist Size	
	Blacks	Whites
Average	33.7	35.2
Ages: 18-24	30.1	32.2
25-34	33.6	34.2
35-44	35.0	35.0
45-54	34.7	36.2
55-64	34.5	36.9
65-74	33.5	36.7
75-79	32.2	36.0

	Chest size	
	Blacks	Whites
Average	38.0	39.3
Ages: 18-24	36.5	38.0
25-34	38.6	39.2
35-44	39.0	39.7
45-54	38.5	39.9
55-64	37.9	39.6
65-74	36.3	39.1
75-79	34.9	38.1

SIZE DIFFERENTIALS BETWEEN BLACKS AND WHITES: HEIGHT

	Height	
	Blacks	Whites
Average	67.8	68.3
Ages: 18-24	68.4	68.8
25-34	68.4	69.3
35-44	67.9	68.6
45-54	68.0	68.3
55-64	66.7	67.5
65-74	66.9	66.9
75-79	65.2	65.9

SIZE DIFFERENTIALS BETWEEN BLACKS AND WHITES: WEIGHT

	Weight	
	Blacks	Whites
Average	164.0	168.2
Ages: 18-24	153.6	161.6
25-34	171.7	171.5
35-44	173.8	172.2
45-54	166.0	172.4
55-64	158.2	167.1
65-74	148.4	161.0
75-79	134.3	151.2

SOURCE: U.S. Department of Health and Human Services

sounds quite right. It's not really ethnic fashion, or high fashion or even 'forward' fashion. It's a style and image that the young black or Hispanic feels closely fits their life style."

"There is probably no other category of merchandise which makes such a profoundly personal statement as fashion merchandise," says Brown. "Everyone wants to make a statement, project an image by the clothes they wear, and you can be sure that if GIs don't find it at the exchange, they will go elsewhere."

Several manufacturers contacted by MILITARY MARKET said there is no true sense of what determines an ethnic fashion. "The last sense of anything truly ethnic was the 'Dashiki look' of several seasons ago," remarked one spokesman.

In the past 10 years most manufacturers agree that all customer mixes are wearing similar fashions to a much greater degree than in the past — a fact not lost on AAFES' merchandising mix. Young minority soldiers and sailors alike have been clamoring for more modern, upbeat fashion labels and designers in the exchange's merchandise, however. Eula Brown notes that there are "several other" fashion vendors being reviewed for the near future to meet the desire for a more multi-dimensional mix of clothing at the exchange.

Brown also tells MILITARY MARKET that AAFES will be setting aside special sections and areas in each of its major exchanges to coincide with the back-to-school rush for clothing.

"The trend toward a more conservative dress in clothing has definitely narrowed the fashion gap between

black, Hispanic and white customers — there are no clear-cut lines anymore that tell you this is ethnic fashion, or this is not," explains one clothing manufacturer's rep who didn't want to be named. "I guess it's the ol' 'melting pot syndrome.' The days of high fashion and the Super Fly look that were readily identifiable are all in the past."

"There are no longer the barriers in style preferences between the two groups [blacks and whites] that existed three or four years ago. I see a lot of crossover buying. I'm not sure that ethnic fashion as a distinct category per se even exists anymore,' adds a spokesman for Blye International, a large manufacturer of black men's apparel.

Luring Back the Mall Shopper

AAFES is making a renewed effort to reach younger, sometimes cynical exchange shoppers and lure them back to the aisles. For instance, the AAFES fall and winter 1984 assortment will include young men's fashion coordinate groups from such sources as Pacific Coast Highway, Jordache, In-Private, Jean-Paul Germain, Members Only, Sergio Valente, Union Bay and Dee Cee. These latest fashion styles and materials, including combinations of cotton canvas, fleece, chintz and other fashion materials, are specifically targeted to the younger soldier.

"We are taking some risks in regard to merchandise selections," admits James Beachler, director of AAFES merchandising. "Branch management can be extremely helpful by providing feedback [to headquarters] about which fashion groups are top sellers or slow sellers."

Adds minority business expert Eula Brown, "There is definitely a push under way to better service our younger, single customer, with particular emphasis toward the minority soldiers. For a long time, the exchange has needed to add another dimension to its fashion mix. Stores will be deciding on the quantities of this high fashion merchandise they want to sell, based on their store's customer mix and profile," she explains.

Speaking to the Bottom Line

In defense of AAFES, its clothing departments often find themselves in the unenviable retail position of trying "to be all things to all people" — sometimes resulting in a haphazard, mish-mash collection of budget, midprice and designer clothing labels. Unlike their civilian retail counterparts, the exchanges are not afforded the luxury of serving one well-defined and carefully targeted market segment.

"The problem with trying to be all things to all people is that you run the danger of being nothing to anyone," says Bernard Gillette, chief of AAFES' Apparel and Accessories Branch.

The exchange's *raison d'etre* is to serve military patrons — all 11.7 million of them, a total that comes very close to the combined populations of New York and Los Angeles, the country's top retail markets. Such a broad market universe demands attention to the more specialized segments within the consumer base. Ethnic fashions are only one such segment, among many.

The fashion considerations of the minority or ethnic consumer are varied — their tastes and purchasing motivations are subject to different considerations and whims than the 72 percent-plus Caucasian population within the military.

"Marketers cannot afford to ignore the ethnic market," explains one apparel company representative. "The sheer numbers and growth potential of this market speak directly to anybody's bottom line."

Hispanics: Fastest Growing

"By the year 2000, there will be three languages in the United States — English, Spanish and computer," says author John Naisbitt in his 1984 best-selling book, "Megatrends." Marketers might be well advised to heed his prediction.

The Hispanic population has registered a full 2 percent increase over the previous census, and its growth is pegged at six times the national average. The Hispanic population has supplanted blacks as America's fastest growing minority group within the last 20 years.

Many market analysts peg the Hispanic market at more than 20 million, with an aggregate family income of more than $70 billion a year in 1984. The Hispanic population may, in fact, be much bigger than this figure. By 1990 some estimators predict that the Hispanic population will grow to about 40 million. Recent population figures estimate that by the turn of the century, every fifth to sixth person in the U.S. will be a Hispanic immigrant or of Spanish origin.

The U.S. Census Department identifies Hispanics as young, with large families, living in urban clusters, and being increasingly mobile as they fan out from the traditionally Hispanic enclaves of California (where 4.5 million Hispanics live), Texas (3 million) and New York City (2 million). They are largely Mexican, Cuban and Puerto Rican, although Central Americans, particularly Salvadorans, are flooding into California in increasing numbers.

The census does not show that there may be as many as 10 million undocumented Hispanic aliens in the country. In the top five Hispanic markets, 35 percent live in the suburbs and more than 50.8 percent in the central cities.

Such a highly concentrated market is readily targetable. "It's the easiest ethnic market to target, because it's so concentrated. It defies reason why somebody hasn't done it sooner," one major apparel retailer tells MILITARY MARKET.

But the answers to reaching the ethnic consumer do not always lie in numbers and statistics. "Those marketers seeking to tap into the Hispanic market have to get a better fix on the nuances that drive the major subgroups within the Hispanic market," Jeffrey Johnson, manager of marketing services for Gannett Outdoor Group tells MILITARY MARKET.

Research by Johnson's organization, which is based in Phoenix, pegs Hispanics' total income at about $200 billion by the end of the decade. A 1981 Yankelovich, Skelly & White study showed that about 30 percent of Hispanics earned $20,000 or more.

Hispanics are also younger than the total population (54 percent are below age 35), and their households are larger (about 3.7 persons compared with 2.8 for all U.S. households). Younger, larger families make more of their clothing purchases at the exchange.

As the Yankelovich study notes, "The U.S. Hispanic population is more likely than Anglos to value name or advertised brands [and] be brand loyal, yet at the same time [they] seem receptive to new products."

Also, 20 percent of Hispanics in the top five Hispanic markets speak only English, 30 percent are bilingual and 50 percent are Spanish-speaking only, according to Sosa & Associates, a San Antonio-based advertising agency that tracks the markets in the nation's 33 major Hispanic population centers.

One feature of the Hispanic market of particular note to the exchange manager is that established products usually keep doing well. Like other ethnic groups that are moving upward economically, Hispanic-Ameri-

cans tend to buy top brands and names they recognize, rather than generic products.

"In Hispanic families, children will probably grow up buying the same products as their parents," says Johnson.

Déjà Vu?

The efforts to reach the Hispanic market echo the trend of a decade ago when companies began courting black consumers. There are 26.5 million blacks in the nation.

"Blacks in the military are better educated than ever before and often more sophisticated in their buying habits," says Lafayette Jones, executive director for the American Health and Beauty Aids Institute, an ethnic H&BA group. "They are also loyal to the brands they prefer. If the exchange doesn't carry the clothing they desire, most black consumers will go elsewhere to make a purchase rather than select a different brand."

Research in this area also shows that black consumers are quality conscious, favoring middle-to-top-priced products. They also spend a greater percentage of their income on both clothing and H&BA products than their white counterparts.

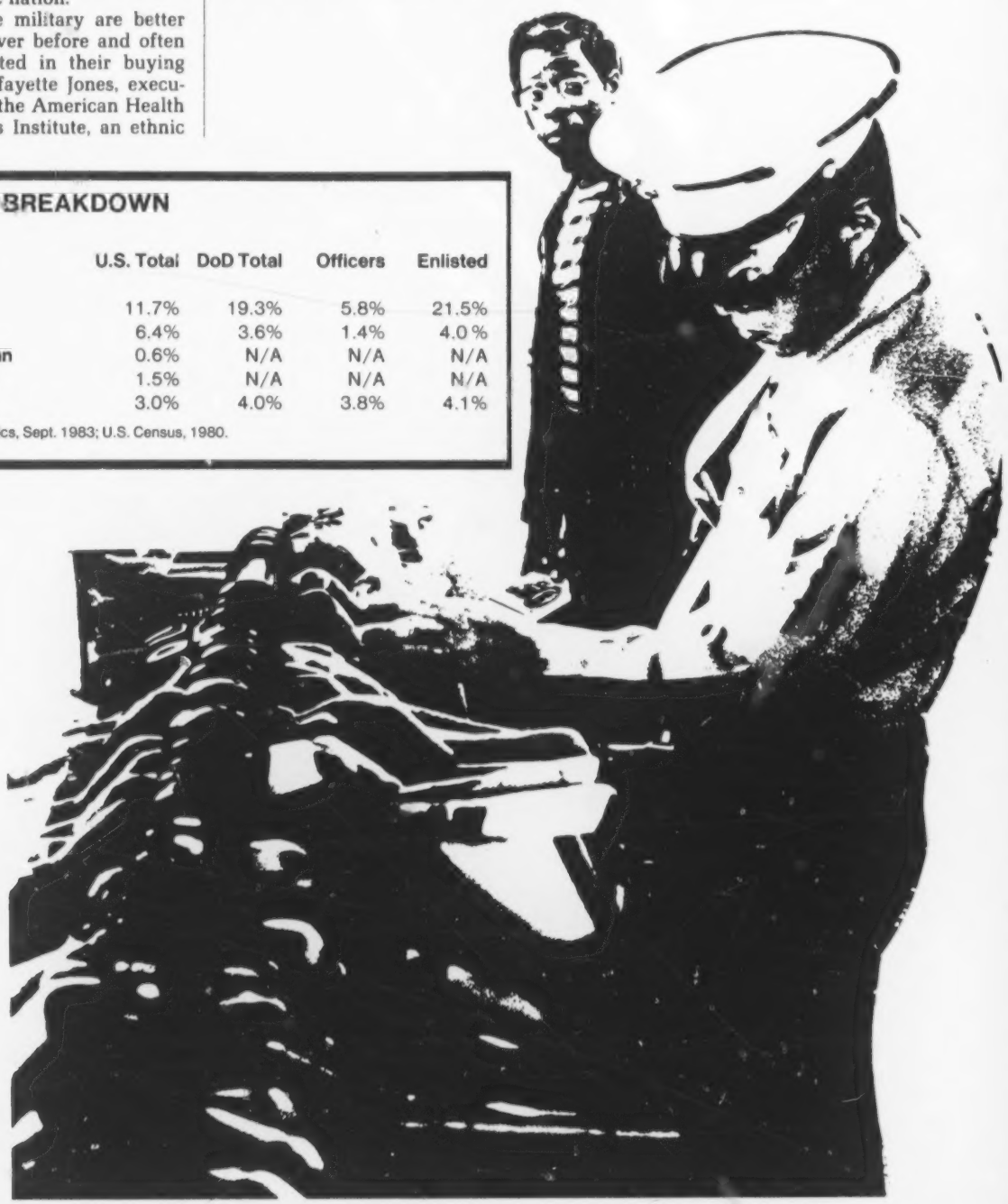
"Wise exchange buyers and retailers near military facilities should recognize this black marketing bonanza," says Jones. "Through proper buying, pricing, in-store presentations, shelving and promotion they can provide an invaluable service."

MM

MINORITY BREAKDOWN

	U.S. Total	DoD Total	Officers	Enlisted
Blacks	11.7%	19.3%	5.8%	21.5%
Hispanics	6.4%	3.6%	1.4%	4.0%
American Indian	0.6%	N/A	N/A	N/A
Asian/Pacific	1.5%	N/A	N/A	N/A
All other	3.0%	4.0%	3.8%	4.1%

Source: DoD Statistics, Sept. 1983; U.S. Census, 1980.



Military Market index

Commissaries

		FEBRUARY			YEAR-TO-DATE		
		CY'83	CY'82	%	CY'83	CY'82	%
Air Force	CONUS	$144,386	$132,441	+9.02	$287,215	$268,702	+6.89
	OVERSEAS	28,303	27,126	+4.34	55,884	54,181	+3.14
	TOTAL	**172,689**	**159,567**	**+8.22**	**343,099**	**322,883**	**+6.26**
Army	CONUS	112,245	90,168	+24.48	214,410	198,432	+8.05
	OVERSEAS	39,165	26,936	+45.40	76,335	66,872	+14.15
	TOTAL	**151,410**	**117,104**	**+29.30**	**290,745**	**265,304**	**+9.59**
Navy	CONUS	55,570	47,923	+15.96	108,600	97,800	+11.04
	OVERSEAS	6,544	5,577	+17.34	12,521	11,245	+11.35
	TOTAL	**62,114**	**53,500**	**+16.10**	**121,121**	**109,045**	**+11.07**
Marines	CONUS	12,817	10,792	+18.76	25,277	21,639	+16.81
	OVERSEAS	172	167	+2.99	346	341	+1.47
	TOTAL	**12,989**	**10,959**	**+18.52**	**25,623**	**21,980**	**+16.57**
Coast Guard	CONUS	228	269	-15.24	461	544	-15.26
	OVERSEAS	268	175	+53.14	518	392	+32.14
	TOTAL	**496**	**444**	**+11.71**	**979**	**936**	**+4.59**
All Commissaries	CONUS	325,246	281,593	+15.50	635,963	587,117	+8.32
	OVERSEAS	74,452	59,981	+24.13	145,604	133,031	+9.45
	TOTAL	**$399,698**	**$341,574**	**+17.02**	**$781,567**	**$720,148**	**+8.53**
Grocery Stores	U.S.[1]	**$19.597 bil.**	**$17.878 bil.**	**+9.62**	**$39.515 bil.**	**$36.770 bil.**	**+7.47**

Exchanges

AAFES	CONUS	$207,104	$204,250	+1.40	$397,055	$384,668	+3.22
	OVERSEAS	143,393	144,331	-0.65	282,739	280,064	+0.96
	TOTAL	**350,497**	**348,581**	**+0.55**	**679,794**	**664,732**	**+2.27**
Navy	CONUS[2]	81,526	80,493	+1.28	141,893	140,958	+0.66
	OVERSEAS[2]	34,708	34,446	+0.76	62,612	61,879	+1.18
	TOTAL[2]	**116,234**	**114,939**	**+1.13**	**204,505**	**202,837**	**+0.82**
Marines	CONUS	32,277	29,770	+8.42	48,856	47,261	+3.37
	OVERSEAS	5,099	5,526	-7.73	3,687	9,585	-9.37
	TOTAL	**37,376**	**35,296**	**+5.89**	**57,543**	**56,846**	**+1.23**
Coast Guard	CONUS[3]	5,663	5,491	+3.13	10,558	10,238	+3.13
	OVERSEAS[3]	701	748	-6.28	1,313	1,396	-5.95
	TOTAL[3]	**6,364**	**6,239**	**+2.00**	**11,871**	**11,634**	**+2.04**
Mail Order	CONUS[4]	1,686	1,677	+0.54	3,183	2,958	+7.61
	OVERSEAS[4]	4,048	4,788	-15.46	8,066	8,585	-6.05
	TOTAL[4]	**5,734**	**6,465**	**-11.31**	**11,249**	**11,543**	**-2.55**
All Exchanges	CONUS	328,256	321,681	+2.04	601,545	586,083	+2.64
	OVERSEAS	187,949	189,839	-1.00	363,417	361,509	+0.53
	TOTAL	**$516,205**	**$511,520**	**+0.92**	**$964,962**	**$947,592**	**+1.83**
Department Stores	U.S.[1]	**$7.467 bil.**	**$6.318 bil.**	**+18.19**	**$14.733 bil.**	**$12.84 bil.**	**+14.74**

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ships stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume.